

ANNUAL REPORT

2016

IPF Investments Polska Sp. z o.o.

Content of the Annual Report:

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**Letter from the Management Board of
IPF Investments Polska Sp. z o.o.**

Dear Bondholders and Shareholder,

We are delighted to present the Annual Report and Financial Statements of IPF Investments Polska Sp. z o.o. ("the Company") prepared for the year ended 31 December 2016.

The Company was established on 8 December 2009 and was formed as a special purpose entity for the purpose of raising funds, mainly from the issue of commercial bonds, in order to provide finance to entities owned by International Personal Finance plc ("IPF plc" - a UK-based entity listed on London Stock Exchange and Warsaw Stock Exchange / "the Group").

The Company started its activity in the second half of 2010 and successfully issued commercial floating-rate bonds on 1 October 2010 with a maturity date of 30 June 2015 and a par value of PLN 200 million. Since 7 October 2010 the bonds have been listed on Catalyst bond platform. The funds raised from the bond issue were lent to Provident Polska S.A. (a member of the Group).

On 3 June 2015 the Company issued new floating-rate bonds with a maturity date of 3 June 2020 and total par value of PLN 200 million under the Programme. The new bonds were offered both to existing and new bondholders which resulted in earlier redemption of PLN 90,6 million from the old bonds issue (with the maturity date as of 30 June 2015). The remaining bonds from the old issue were finally redeemed on 30 June 2015 in accordance with their original maturity.

On the 3rd of June and 3rd of December 2016 the Company made second and third coupon payments of PLN 6,1 and 6,0 million respectively on the bonds from the 2015 issue. The first coupon was paid on the 3rd of December 2015 and amounted to PLN 6,0 million.

We would like to thank all the bondholders who stayed with us throughout 2016.

With kind regards,


Management Board of IPF Investments Polska Sp. z o.o.

Letter from the Management Board of
IPF Investments Polska Sp. z o.o.



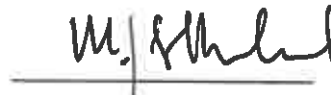
Agnieszka Klos
Board Member



John Dahlgreen
Board Member



Alicja Kopeć
Board Member



Mark Sutherland
Board Member
Responsible for
maintaining the books of account

Warsaw, 24th February 2017

Selected financial data
IPF Investments Polska Sp. z o. o.

| As at and for the year ended 31 December | 2016 | 2015 | 2016 | 2015 |
|--|----------------|----------------|---------------|---------------|
| | PLN 000' | | EUR 000' | |
| Total income | 12 277 | 16 621 | 2 806 | 3 972 |
| Profit before income tax | 105 | 120 | 24 | 29 |
| Net profit for the year | 85 | 97 | 19 | 23 |
| Non-current assets | 200 001 | 200 001 | 45 208 | 46 932 |
| Current assets | 1 189 | 1 449 | 269 | 340 |
| Total assets | 201 190 | 201 450 | 45 477 | 47 272 |
| Called up share capital | 45 | 45 | 10 | 11 |
| Total equity | 235 | 500 | 53 | 117 |
| Current liabilities | 956 | 950 | 216 | 223 |
| Non-current liabilities | 200 000 | 200 000 | 45 208 | 46 932 |
| Total liabilities | 200 956 | 200 950 | 45 424 | 47 155 |
| Net cash inflow/(outflow) from operating activities | 12 162 | 20 095 | 2 749 | 4 715 |
| Net cash inflow/(outflow) from financing activities | (12 422) | (19 956) | (2 808) | (4 683) |
| Net increase/(decrease) in cash and cash equivalents | (260) | 139 | (59) | 33 |
| Cash and cash equivalents at the end of the period | 252 | 511 | 57 | 120 |

The amounts in PLN from the statement of comprehensive income and the statement of cash flows have been translated to EUR at the average NBP rates for 2016 and 2015 respectively, which have been calculated as an arithmetical average of the NBP rates as at the end of each month in the period.

The amounts in PLN from the statement of financial position have been translated to EUR at the average NBP rate as at 31 December 2016 and 31 December 2015 respectively.

IPF Investments Polska Sp. z o.o.

Financial Statements

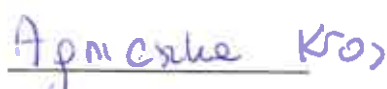
**In accordance with International Financial Reporting Standards
as at and for the year ended 31 December 2016**

Approval of the Financial Statements

The accompanying Financial Statements of IPF Investments Polska Sp. z o.o. comprising statement of comprehensive income for the year ended 31 December 2016, statement of financial position as at 31 December 2016, statement of changes in equity for the year ended 31 December 2016, statement of cash flows for the year ended 31 December 2016 and Notes to the Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and are presented in the following order:

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We hereby approve the Financial Statements of IPF Investments Polska Sp. z o. o. for the year ended 31 December 2016.



Agnieszka Klos
Board Member



John Dahlgreen
Board Member



Alicja Kopeć
Board Member



Mark Sutherland
Board Member / Responsible for
maintaining the accounting books

Warsaw, 24th February 2017

Statement of comprehensive income

| For the year ended 31 December | | 2016 | 2015 |
|--|-------|------------------------|------------------------|
| | Notes | PLN | PLN |
| Interest revenue | 6 | 12 277 379,77 | 16 621 316,63 |
| Total income | | 12 277 379,77 | 16 621 316,63 |
| Finance costs | 7 | (12 074 401,95) | (16 402 378,16) |
| Operating costs | 8 | (98 220,80) | (98 594,29) |
| Total costs | | (12 172 622,75) | (16 500 972,45) |
| Profit before income tax | | 104 757,02 | 120 344,18 |
| Income tax expense | 9 | (20 029,00) | (22 865,53) |
| Net profit for the year | | 84 728,02 | 97 478,65 |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income for the year | | 84 728,02 | 97 478,65 |

Statement of financial position

As at 31 December

| | Notes | 2016 PLN | 2015 PLN |
|-------------------------------------|-------|-----------------------|-----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Receivables from loans | 10 | 200 000 000,00 | 200 000 000,00 |
| Deferred tax asset | 15 | 1 120,99 | 1 147,99 |
| | | 200 001 120,99 | 200 001 147,99 |
| Current assets | | | |
| Receivables from loans | 10 | 934 767,10 | 932 219,55 |
| Trade and other receivables | 11 | 3 000,00 | 5 415,90 |
| Cash and cash equivalents | 12 | 251 576,42 | 511 365,55 |
| | | 1 189 343,52 | 1 449 001,00 |
| Total assets | | 201 190 464,51 | 201 450 148,99 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Debt securities in issue | 13 | 919 323,70 | 916 921,75 |
| Trade and other payables | 14 | 24 566,55 | 21 340,00 |
| Current income tax liabilities | | 11 920,00 | 11 961,00 |
| | | 955 810,25 | 950 222,75 |
| Non-current liabilities | | | |
| Debt securities in issue | 13 | 200 000 000,00 | 200 000 000,00 |
| | | 200 000 000,00 | 200 000 000,00 |
| Total liabilities | | 200 955 810,25 | 200 950 222,75 |
| EQUITY | | | |
| Called up share capital | 16 | 45 000,00 | 45 000,00 |
| Retained earnings | 17 | 189 654,26 | 454 926,24 |
| Total equity | | 234 654,26 | 499 926,24 |
| Total equity and liabilities | | 201 190 464,51 | 201 450 148,99 |

Statement of changes in equity

| | Notes | Called up share capital PLN | Retained earnings PLN | Total equity PLN |
|----------------------------|-------|-----------------------------------|-----------------------------|------------------------|
| At 1 January 2016 | | 45 000,00 | 454 926,24 | 499 926,24 |
| Net profit for the year | | - | 84 728,02 | 84 728,02 |
| Dividend | 17 | - | (350 000,00) | (350 000,00) |
| At 31 December 2016 | | 45 000,00 | 189 654,26 | 234 654,26 |

| | | Called up share capital PLN | Retained earnings PLN | Total equity PLN |
|----------------------------|--|-----------------------------------|-----------------------------|------------------------|
| At 1 January 2015 | | 45 000,00 | 357 447,59 | 402 447,59 |
| Net profit for the year | | - | 97 478,65 | 97 478,65 |
| At 31 December 2015 | | 45 000,00 | 454 926,24 | 499 926,24 |

Statement of cash flows

| For the year ended 31 of December | | 2016 | 2015 |
|---|-------|------------------------|-------------------------|
| | Notes | PLN | PLN |
| Profit before income tax | | 104 757,02 | 120 344,18 |
| Adjusted for: | | (194 503,15) | (210 761,98) |
| Finance costs | 7 | 12 074 401,95 | 16 402 378,16 |
| Interest revenue on granted loans | 6 | (12 274 547,55) | (16 611 723,24) |
| Decrease/(increase) in trade and other receivables | | 2 415,90 | (1 415,90) |
| Increase/(decrease) in current liabilities, excluding bank and other borrowings | | 3 226,55 | (1,00) |
| Income tax paid | | (20 043,00) | (13 784,00) |
| Interest received on granted loans | | 12 272 000,00 | 20 198 759,06 |
| Net cash inflow/(outflow) from operating activities | | 12 182 210,87 | 20 094 557,26 |
| Cash flow from investing activities | | | |
| Net cash inflow/(outflow) from investing activities | | - | - |
| Cash flow from financing activities | | | |
| Cash inflows: | | - | 200 000 000,00 |
| New debt securities issue | | - | 200 000 000,00 |
| Cash outflows: | | (12 422 000,00) | (219 955 863,46) |
| Dividend paid | 17 | (350 000,00) | |
| Repayments of debt securities | | - | (200 000 000,00) |
| Interest paid | | (12 072 000,00) | (19 955 863,46) |
| Net cash inflow/(outflow) from financing activities | | (12 422 000,00) | (19 955 863,46) |
| Net increase/(decrease) in cash and cash equivalents | | (259 789,13) | 138 693,80 |
| Cash and cash equivalents at the beginning of the period | 12 | 511 365,55 | 372 671,75 |
| Cash and cash equivalents at the end of the period | 12 | 251 576,42 | 511 365,55 |

Notes to the Financial Statements

1. General Information

IPF Investments Polska Sp. z o. o. ("the Company") is incorporated in the Republic of Poland. The address of the Company's registered office is ul. Inflancka 4A, Warsaw.

IPF Investments Polska Sp. z o. o. was established on 8 December 2009. On 21 December 2009 the Company was entered into the Register of Entrepreneurs kept by the Business Department of the National Court Register at the District Court in Warsaw, XII Commercial Division of the National Court Registry, under number KRS 0000344995.

The Company was formed as a special purpose entity for the purpose of raising funds mainly from commercial bonds issue and provision of finance to entities owned by International Personal Finance plc ("IPF plc" – a UK-based entity listed on London Stock Exchange and Warsaw Stock Exchange/ "the Group") to finance their home lending business.

As stated in the Company's Memorandum of Association, the Company's operation period is indefinite.

The following persons served as members of the Management Board as at 31 December 2016 and as at the date of approval of these Financial Statements:

| | |
|-----------------|------------------------------|
| John Dahlgreen | Member since 8 December 2009 |
| Alicja Kopeć | Member since 8 December 2009 |
| Agnieszka Kłos | Member since 24 July 2012 |
| Mark Sutherland | Member since 31 October 2013 |

During the reporting period and till the date of authorisation of these Financial Statements there were the following changes in the Management Board composition:

- with effect on 23 February 2016 David Broadbent resigned from the position of the Management Board Member, which he held since 8th December 2009.

2. Basis of preparation

The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), and in the areas not covered by the above standards - in accordance with the requirements of the Accounting Act of 29 September 1994 (Journal of laws 2016 pos. 1047 with subsequent amendments – "the Accounting Act") and ordinances issued on the basis of thereof and other applicable laws.

In accordance with the Accounting Act IPF Investments Polska Sp. z o.o. as the subsidiary of an entity listed in the European Economic Area, International Personal Finance plc, preparing its consolidated financial statements in accordance with IFRS, may prepare the financial statements in accordance with IFRS, as adopted by the EU.

The Financial Statements have been prepared based on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date of authorisation of these Financial Statements, the Company's Management Board is not aware of any facts or circumstances that would indicate a threat to the Company's ability to continue as a going concern.

The Financial Statements have been prepared under the historical cost convention.

The Financial Statements cover 12 month period ended 31 December 2016, comparative data cover 12 month period ended 31 December 2015.

Notes to the Financial Statements (continued)

2. Basis of preparation (continued)

Standards and Interpretations effective for the first time in 2016

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the first time for financial reporting periods commencing on or after 1 January 2016:

- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* (issued on 18 December 2014),
- Amendments to IAS 27 *Equity Method in Separate Financial Statements* (issued on 12 August 2014),
- Amendments to IAS 1 *Disclosure Initiative* (issued on 18 December 2014),
- Annual Improvements to IFRSs 2012–2014 (amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34) (issued on 25 September 2014),
- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation* (issued on 12 May 2014),
- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* (issued on 6 May 2014),
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* (issued on 30 June 2014),
- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions* (issued on 21 November 2013),
- Annual Improvements to IFRSs 2010–2012 (amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) (issued on 12 December 2013).

Application of the amendments to the standards listed above had no material impact on the Company's financial position, performance and the scope of information presented in the Company's Financial Statements.

Standards and Interpretations issued but not yet effective

The Company did not early adopt any of the following standards, amendments to the existing standards and interpretations, which were issued by IASB but are not yet effective:

- IFRS 9 *Financial Instruments* (issued on 24 July 2014) - effective for financial years beginning on or after 1 January 2018,
- IFRS 15 *Revenue from Contracts with Customers* (issued on 28 May 2014) including amendments to IFRS 15 *Effective date to IFRS 15* (issued on 11 September 2015) – effective for financial years beginning on or after 1 January 2018,
- IFRS 14 *Regulatory Deferral Accounts* (issued on 30 January 2014) – effective for financial years beginning on or after 1 January 2016 – not yet endorsed by EU till the date of approval of these Financial Statements (the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard),
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (issued on 11 September 2014) and further amendments - effective date was deferred indefinitely until the research project on the equity method has been concluded - not yet endorsed by EU till the date of approval of these Financial Statements,
- IFRS 16 *Leases* (issued on 13 January 2016) - effective for financial years beginning on or after 1 January 2019 – not yet endorsed by EU till the date of approval these Financial Statements,
- Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses* (issued on 19 January 2016) - effective for financial years beginning on or after 1 January 2017 – not yet endorsed by EU till the date of approval these Financial Statements,

Notes to the Financial Statements (continued)

2. Basis of preparation (continued)

- Amendments to IAS 7 Disclosure Initiative (issued on 29 January 2016) - effective for financial years beginning on or after 1 January 2017 – not yet endorsed by EU till the date of approval these Financial Statements,
- Clarifications to IFRS 15 *Revenue from Contracts with Customers* (issued on 12 April 2016) - effective for financial years beginning on or after 1 January 2018 – not yet endorsed by EU till the date of approval of these Financial Statements,
- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions* (issued on 20 June 2016) - effective for financial years beginning on or after 1 January 2018 – not yet endorsed by EU till the date of approval of these Financial Statements,
- Annual Improvements to IFRS 2014-2016 Cycle (issued on 8 December 2016) - effective for financial years beginning on or after 1 January 2017 (for IFRS 12) and 1 January 2018 (for IFRS 1 and IAS 28) – not yet endorsed by EU till the date of approval of these Financial Statements,
- IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration* (issued on 8 December 2016) - not yet endorsed by EU till the date of approval of these Financial Statements,
- Amendments to IAS 40 *Transfers of Investment Property* (issued on 8 December 2016) - not yet endorsed by EU till the date of approval of these Financial Statements.

As at the date of authorisation of these Financial Statements the Management is in progress of analysing the impact of the above listed new standards and amendments to the existing standards on the Company's accounting policies.

3. Accounting policies

The principal accounting policies adopted in the preparation of these Financial Statements are set out below.

Interest revenue

Interest revenue comprises interest revenue on cash and cash equivalents and interest revenue on loans granted. Interest revenue is recognised on an accrual basis using the effective interest rate (EIR). The EIR is the rate that discounts estimated cash flows from contractual payments adjusted for the impact of borrowers repaying early and excluding the anticipated impact of borrowers paying late or not paying at all.

Directly attributable incremental costs and fees related to granting the loan are also taken into account when calculating the EIR. Where a loan has been written off, the revenue is calculated in relation to the net value of the loan using the original EIR.

Finance costs

Finance costs comprise the interest on debt securities in issue (including arrangement and directly attributable issue fees) and are recognised on accrual basis using the effective interest rate method.

Operating expenses

Operating costs include mainly costs of services provided to the Company by external providers and are recognized in the period to which they relate.

Income tax expense

The income tax expense represents the current income tax charge including changes in deferred tax liability/asset, except for income tax on items recognised in other comprehensive income or on equity positions.

Current income tax

The current corporate income tax is determined based on relevant income tax regulations, using tax rates enacted as at the balance sheet date, computed as the tax payable on the taxable income for the year, including any adjustment to tax payable in respect of previous years, if applicable.

Notes to the Financial Statements (continued)

3. Accounting policies (continued)

Deferred income tax

The Company accounts for deferred income tax liability/asset using the balance sheet liability method on temporary differences between the tax base of assets and liabilities and their carrying amounts in the Financial Statements. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Receivables from loans

All receivables from loans are initially recognised at the fair value amount adjusted by directly attributable incremental costs and fees. After initial recognition, the receivables are subsequently measured at amortized cost decreased by impairment. Amortized cost is the amount of loan receivable at initial recognition less repayments, plus revenue earned calculated using the EIR.

Loan receivables are assessed for impairment at each balance sheet date. Impairment losses are calculated by estimating the future cash flows from each loan, discounting these to a present value, using the original EIR and comparing this figure with the carrying value. Such impairment losses are charged to the statement of comprehensive income to operational costs position.

Interest revenue on impaired loans is calculated by applying the original EIR to the impaired balance.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, short-term deposits and other short-term highly liquid investments with original maturities of three months or less held for the purpose of meeting short-term cash commitments.

Bank overdrafts are presented in current liabilities to the extent that there is no right of offset with cash balances.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently as a principal rule, at amortised cost using the effective interest method less impairment.

In case the time value of money is insignificant, other short-term receivables are measured in the amount due, less impairment.

Debt securities in issue

Debt securities in issue are recognised initially at fair value, being their issue proceeds, net of any transaction costs incurred. Debt securities in issue are subsequently stated at amortised cost. The difference between the initial amount (decreased by transaction costs) and the redemption value is recognized in the statement of comprehensive income as finance cost over the expected life of the borrowings using the effective interest rate.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured, as a principal rule, at amortised cost using the effective interest rate method.

In case the time value of money is insignificant, trade and other payables are measured in the amount due.

Notes to the Financial Statements (continued)

3. Accounting policies (continued)

Financial Instruments

Classification of financial instruments

The Company classifies the financial instruments to the following categories: financial assets/ liabilities at fair value through profit or loss, loans and receivables, other financial liabilities and derivatives designated as hedging instruments in effective hedging transactions. The classification of financial instruments is performed at the date of their initial recognition.

Loans and receivables comprise: cash and cash equivalents, amounts receivable from loans, trade and other receivables.

Other financial liabilities comprise: debt securities, trade and other payables.

The Company does not hold securities classified as:

- Financial assets/liabilities stated at fair value through profit or loss,
- Derivatives designated as hedging instruments in effective hedging transactions.

The Company does not apply hedge accounting.

Initial recognition and valuation

Initial recognition of financial instruments and their subsequent valuation depend on their classification, which has been described in the following paragraphs:

- 'Receivables from loans',
- 'Trade and other receivables',
- 'Cash and cash equivalents',
- 'Debt securities in issue',
- 'Trade and other payables'.

Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased or the contractual rights to receive the cash flows from financial assets have been transferred that is, the rights to the cash flows are either transferred to another entity or they are retained by the Company and simultaneously the Company has an obligation to transfer these cash flows to another entity.

The Company derecognises a financial liability (or its part) if the contractual obligation has been fulfilled, redeemed or it expired.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market on the valuation date and the current market conditions, regardless of whether the price is directly observable or estimated using other valuation techniques. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants take these characteristics into account when pricing the asset or liability at the measurement date.

Notes to the Financial Statements (continued)

3. Accounting policies (continued)

For financial reporting purposes, the fair value measurements are categorized into level 1, 2 or 3, based on the degree to which the inputs to the fair value measurements are observable, and the significance of the inputs to the fair value as a whole. These levels are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities for which the entity has an access at the measurement date,
- Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly,
- Level 3 inputs are unobservable inputs for valuation of the asset or liability.

In measuring the fair value of assets or liabilities, the Company uses observable market data to the extent that this is possible.

Disclosure relating to fair value of financial assets and liabilities of the Company are presented in Note 23 to these Financial Statements.

Provisions

Provisions are recognized when the Company has a present obligation resulting from a past event and it is probable that the Company will be requested to settle that obligation and the amount can be reliably estimated. Provisions are measured at managements best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the time effect is material.

Equity

Equity comprises capital set up by the Company on the basis of the applicable legal regulations and the provisions of its Memorandum of Association.

The nominal value of the Company's share capital is stated at the amount specified in its Memorandum of Association and the Commercial Register.

Retained earnings represent accumulated profits from prior years, which have been transferred to the Company's capital reserve and the net profit or loss for the financial year recognized in the statement of comprehensive income.

Dividends

Dividends to the Company's owners are recognised in the Company's Financial Statements – as decrease of the equity - in the period in which the dividends are approved by the Company's owners.

Segment reporting

According to IFRS 8.13 the Company shall report separately information about an operating segment that meets any of the following quantitative thresholds:

- its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments, or
- the absolute amount of its reported profit or loss is 10 per cent or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss, or
- its assets are 10 per cent or more of the combined assets of all operating segments.

Currently the Company has only one source of revenue and income from granting loans to other entities within the Group. Company activities represent one operating segment.

4. Key assumptions and estimates

Given the scope of current activities, the Company's estimates relate only to assessment of the amount of provisions and operating expenditures, which are expected to be settled in the future.

Notes to the Financial Statements (continued)

5. Changes in presentation

The Company has made changes in presentation of its statement of cash flows within "Net cash inflow/(outflow) from operating activities" section of the financial statement. "Finance cost" and "Interest on granted loans – revenue" have been extracted to be shown as separate line items, whereas in previous periods these line items were presented within "Decrease/(increase) in trade and other receivables" line item.

Comparative data for the year 2015 has been adjusted accordingly for the statement of cash flows purposes.

6. Interest revenue

| For the year ended 31 December | 2016 PLN | 2015 PLN |
|---------------------------------------|----------------------|----------------------|
| Interest on loans | 12 274 547,55 | 16 611 723,24 |
| Interest on cash and cash equivalents | 2 832,22 | 9 593,39 |
| Total | 12 277 379,77 | 16 621 316,63 |

Interest revenue on loans is calculated using the effective interest rate method.

7. Finance costs

| For the year ended 31 December | 2016 PLN | 2015 PLN |
|--|----------------------|----------------------|
| Interest payable on debt securities in issue | 12 074 401,95 | 16 402 378,16 |
| Total | 12 074 401,95 | 16 402 378,16 |

Interest payable on debt securities in issue is calculated using the effective interest rate method.

8. Expenses by nature

| For the year ended 31 December | 2016 PLN | 2015 PLN |
|---------------------------------|------------------|------------------|
| External services: | | |
| - audit and advisory services | 21 340,50 | 21 340,00 |
| - administrative costs | 75 718,80 | 75 718,80 |
| - bank charges | 1 016,50 | 1 535,49 |
| Other | 145,00 | - |
| Total expenses by nature | 98 220,80 | 98 594,29 |
| Classified as: | | |
| - operating costs | 98 220,80 | 98 594,29 |

Notes to the Financial Statements (continued)

9. Income tax expense

Reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the year ended 31 December 2016 and 31 December 2015 is as follows:

| For the year ended 31 December | 2016 PLN | 2015 PLN |
|---|-------------------|-------------------|
| Accounting profit before tax | 104 757,02 | 120 344,18 |
| Current income tax | 20 002,00 | 29 240,00 |
| Deferred income tax | 27,00 | (6 374,47) |
| Income tax expense reported in statement of comprehensive income | 20 029,00 | 22 865,53 |
| Income tax expense at statutory income tax rate of 19,0% (2015: 19,0%) | 19 904,00 | 22 865,53 |
| Adjustments in respect of income tax from previous years | 98,00 | - |
| Tax on expenditure not allowable for income tax purposes and non taxable incomes | 27,00 | - |
| Income tax expense at the effective income tax rate of 19,1% (2015: 19,0%) | 20 029,00 | 22 865,53 |

10. Receivables from loans

| As at 31 December | 2016 PLN | 2015 PLN |
|-----------------------------|-----------------------|-----------------------|
| - due within one year | 934 767,10 | 932 219,55 |
| - due in more than one year | 200 000 000,00 | 200 000 000,00 |
| Total | 200 934 767,10 | 200 932 219,55 |

As at 31 December 2016 and 31 December 2015 the Company had a receivable from only one loan, which was issued in June 2015 to a related entity for a period of 5 years at nominal value of PLN 200 million. The loan matures in June 2020. The interest on the loan is based on floating interest rate (WIBOR 6M) and the mark up. The amount receivable from the loan is held at amortized cost and equals the expected future cash flows discounted at the EIR. The repayment of the loan is guaranteed by entities from the Group (for details see note 20). The loan was neither past due nor impaired as at 31 December 2016 and 31 December 2015.

11. Trade and other receivables

As at 31 December 2016 and 31 December 2015 the Company did not have outstanding trade receivables. Other receivables of PLN 3 000 (2015: 5 410,40) as at 31 December 2016 represent amounts receivable from cost recharges. The balance was neither past due nor impaired as at 31 December 2016 and 2015.

The fair value of trade and other receivables approximates to their book value due to their short-term nature.

12. Cash and cash equivalents

| As at 31 December | 2016 PLN | 2015 PLN |
|-------------------|-------------------|-------------------|
| Cash at bank | 251 576,42 | 511 365,55 |
| Total | 251 576,42 | 511 365,55 |

Cash and cash equivalents represent amounts denominated in Polish Zloty. Cash at bank is interest bearing (floating rates).

Notes to the Financial Statements (continued)

13. Debt securities in issue

In June 2015 the Company issued 200 000 5-year floating-rate debt securities with a par value of PLN 1 000 each and a total nominal value of PLN 200 million. The details of the bonds are the following:

| ISIN code | Maturity Date | Average Interest rate (EIR%) | Book value | Book value |
|---------------------|---------------|------------------------------|-----------------------|-----------------------|
| | | | 31 December 2016 | 31 December 2015 |
| | | | PLN | PLN |
| PLIPFIP00033 | 3.06.2020 | WIBOR 6M + margin | 200 919 323,70 | 200 916 921,75 |
| Current portion | | | 919 323,70 | 916 921,75 |
| Non-current portion | | | 200 000 000,00 | 200 000 000,00 |
| Total | | | 200 919 323,70 | 200 916 921,75 |

14. Trade and other payables

| As at 31 December | 2016 | 2015 |
|-------------------|------------------|------------------|
| | PLN | PLN |
| Trade payables | - | - |
| Other payables | 3 226,05 | - |
| Accruals | 21 340,50 | 21 340,00 |
| Total | 24 566,55 | 21 340,00 |

The above balances comprise amounts to be settled within 12 months from the balance sheet date. The fair value of trade and other payables approximates to their book value due to their short-term nature.

15. Deferred tax

Deferred tax is calculated in full on temporary differences under the balance sheet liability method using a tax rate of 19%.

| | 2016 | 2015 |
|---|-------------------|-------------------|
| | PLN | PLN |
| Deferred tax (asset)/liability as at 1 January | (1 147,99) | 5 226,48 |
| Decrease charged to statement of comprehensive income | 27,00 | (6 374,47) |
| Net deferred tax (asset)/liability as at 31 December | (1 120,99) | (1 147,99) |

Deferred tax liability

| As at 31 December | 2016 | 2015 |
|--|-------------------|-------------------|
| | PLN | PLN |
| Interest receivable from loans granted | 934 767,10 | 932 219,55 |
| Total | 934 767,10 | 932 219,55 |
| Deferred tax liability at 19% (2015: 19%) | 177 605,75 | 177 121,71 |

Deferred tax asset

| As at 31 December | 2016 | 2015 |
|--|-------------------|-------------------|
| | PLN | PLN |
| Interest payable for securities issued | 919 326,54 | 916 921,59 |
| Cost accruals | 21 340,50 | 21 340,00 |
| Total | 940 667,04 | 938 261,59 |
| Deferred tax asset at 19% (2015: 19%) | 178 726,74 | 178 269,70 |
| Deferred tax asset, net | (1 120,99) | (1 147,99) |

Notes to the Financial Statements (continued)

15. Deferred tax (continued)

Deferred tax assets have been recognised in respect of all temporary differences giving rise to deferred tax assets. Due to Company's judgement it is probable that these differences will realise in future.

16. Share capital

| As at 31 December | 2016 | | | | 2015 | | | |
|------------------------|----------------------|--------|---------------------------------|--------|----------------------|--------|---------------------------------|--------|
| | Authorized Number | PLN | Issued and fully paid Number | PLN | Authorized Number | PLN | Issued and fully paid Number | PLN |
| Shares of 450 PLN each | 100 | 45 000 | 100 | 45 000 | 100 | 45 000 | 100 | 45 000 |

During the year there were no changes to the number of shares issued.

The Company's immediate and ultimate parent and sole shareholder is IPF Plc.

17. Equity

The retained earnings consist of the following items:

- undistributed earnings, which represent accumulated profits from previous years, which have been transferred to the Company's capital reserve by resolutions of Shareholders' Meeting in accordance with the Code of Commercial Companies,
- profit for the year.

For the purpose of presentation in these Financial Statements reserve capital has been included into retained earnings.

In accordance with the resolution from 28 April 2016 net profit for the year ended 31 December 2015 in the amount of PLN 97 478,65 and net profit for the years 2010-2014 in the amount of PLN 252 521,35 was declared to be paid as dividend amounting to PLN 350 000,00. The dividend had been paid in May 2016.

18. Directors' remuneration

The members of the Company's Management Board have been employed by the Group. During the period covered by the Financial Statements, the management of the Company has not received any compensation in respect of their capacity as managers of the Company. The Company's managers have been nominated by the shareholders, and were appointed in order to safeguard the shareholders' interests.

19. Employee information

The Company did not employ any employees in the period covered by the Financial Statements and in the comparable period and is not planning to employ any employees in the near future.

20. Related party transactions

(a) Relationship between IPF Investments Polska Sp. z o.o. and its parent company

For the parent company information, see Note 16.

(b) Key management personnel compensation

For the details related to key management personnel compensation, see Note 18.

In the year ended 31 December 2016 and 31 December 2015 the Company did not grant any loans to the Management Board members. There were no other transactions concluded with members of the management of the Company, of the parent company nor their close family members.

Notes to the Financial Statements (continued)

20. Related party transactions (continued)

(c) Group transactions

In 2016 and 2015 the Company has been a party to transactions with the following related parties:

- IPF Plc (UK)
- Provident Polska S.A.
- IPF Holdings Limited (UK)
- International Personal Finance Investments Limited (UK)
- IPF International Limited (UK).

The nature of the transactions with the above entities was the following:

1. PLN 200 million Intra-group loan agreement concluded with Provident Polska S.A. as borrower to financially support its basic business activity and with IPF plc, IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited as joint guarantors of repayment of the loan issued to Provident Polska S.A.,
2. Service agreement, which regulates provision of services by Provident Polska S.A. to the Company in relation to accounting, banking, legal support and rental of office space.

Only the transactions with Provident Polska S.A. had an effect on the Company's statement of financial position and statement of comprehensive income, which was the following:

Accordingly as at and for the year ended 31 December

| | 2016 PLN | 2015 PLN |
|-------------------------------|-----------------------|-----------------------|
| Revenue / (costs) | | |
| Interest on loans | 12 274 547,55 | 16 611 723,24 |
| Cost recharges | 22 426,40 | 59 467,24 |
| Service costs | (75 718,80) | (75 718,80) |
| Total | 12 221 255,15 | 16 595 471,68 |
| Assets / (liabilities) | | |
| Receivables from loan | 200 934 767,10 | 200 932 219,55 |
| Other receivables | 3 000,00 | 5 410,40 |
| Other liabilities | (3 226,05) | - |
| Total | 200 934 541,05 | 200 937 629,95 |

21. Contingent liabilities and contingent assets

As of 31 December 2016 and 31 December 2015 the Company had no contingent liabilities, including guarantees, securities granted and bills of exchange issued.

As of 31 December 2016 and 31 December 2015 the Company was a beneficiary of a guarantee received from Group companies relating to the loan agreement between the Company and Provident Polska S.A. Details of the transaction are presented in Note 20.

22. Post balance sheet events

There were no events after the balance sheet date up to the date of the signing the Financial Statements that would require additional disclosure in the Financial Statements.

Notes to the Financial Statements (continued)

23. Fair values of financial assets and liabilities

The fair value and carrying value of the financial assets and liabilities of the Company are set out below:

| As at 31 December | 2016 | | 2015 | |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Fair value PLN | Carrying value PLN | Fair value PLN | Carrying value PLN |
| Financial assets | | | | |
| Cash and cash equivalents | 251 576,42 | 251 576,42 | 511 365,55 | 511 365,55 |
| Receivables from loans | 206 013 004,18 | 200 934 767,10 | 206 398 567,95 | 200 932 219,55 |
| Trade and other receivables | 3 000,00 | 3 000,00 | 5 415,90 | 5 415,90 |
| Total | 206 267 580,60 | 201 189 343,52 | 206 915 349,40 | 201 449 001,00 |
| Financial liabilities | | | | |
| Debt securities in issue | 175 730 000,00 | 200 919 323,70 | 200 328 219,18 | 200 916 921,75 |
| Trade and other payables | 24 566,55 | 24 566,55 | 21 340,00 | 21 340,00 |
| Total | 175 754 566,55 | 200 943 890,25 | 200 349 559,18 | 200 938 261,75 |

The fair value of amounts receivable from loans for the Financial Statements purposes has been assessed by discounting contractual future cash flows at an appropriate current market rate of similar instruments available for the Company.

The fair value of debt securities in issue has been obtained from Catalyst market listings (bonds issued by IPF Investments Polska Sp. z o.o. are listed on this market) (the last available transaction listing as at the end of 2016 and 2015). Due to the small number of transactions in the market resulting from limited number of bonds and their relatively high nominal value per unit the debt securities in issue have been classified into Level 2 of fair value hierarchy.

For other financial assets and liabilities, which are all short-term in nature, the carrying value is a reasonable approximation of fair value.

The IFRS 13 fair value hierarchy of the Company's financial assets and liabilities (whose carrying value differs from their fair values) as at 31 December 2016 and 2015 is set out below:

| As at 31 December 2016 | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|-------------------|-----------------------|----------|-----------------------|
| | PLN | PLN | PLN | PLN |
| Financial assets | | | | |
| Cash and cash equivalents | 251 576,42 | - | - | 251 576,42 |
| Receivables from loans | - | 206 013 004,18 | - | 206 013 004,18 |
| Trade and other receivables | - | 3 000,00 | - | 3 000,00 |
| Total | 251 576,42 | 206 016 004,18 | - | 206 267 580,60 |
| Financial liabilities | | | | |
| Debt securities in issue | - | 175 730 000,00 | - | 175 730 000,00 |
| Trade and other payables | - | 24 566,55 | - | 24 566,55 |
| Total | - | 175 754 566,55 | - | 175 754 566,55 |

Notes to the Financial Statements (continued)

23. Fair values of financial assets and liabilities (continued)

| As at 31 December 2015 | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|-------------------|-----------------------|----------|-----------------------|
| | PLN | PLN | PLN | PLN |
| Financial assets | | | | |
| Cash and cash equivalents | 511 365,55 | - | - | 511 365,55 |
| Receivables from loans | - | 206 398 567,95 | - | 206 398 567,95 |
| Trade and other receivables | - | 5 415,90 | - | 5 415,90 |
| Total | 511 365,55 | 206 403 983,85 | - | 206 915 349,40 |
| Financial liabilities | | | | |
| Debt securities in issue | - | 200 328 219,18 | - | 200 328 219,18 |
| Trade and other payables | - | 21 340,00 | - | 21 340,00 |
| Total | - | 200 349 559,18 | - | 200 349 559,18 |

24. Risk management

Risk arising from financial instruments

The Company follows treasury policies approved by the Group Board of Directors. The Company's day-to-day operations are managed by delegated employees of Provident Polska S.A. on the basis of a services agreement (see also Note 20).

The treasury policies are designed to manage the main financial risks in relation to funding and investment. These policies ensure that the borrowings and investments are with high quality counterparties; are limited to specific instruments; the exposure to a single counterparty or type of instrument is controlled; and the Company's exposure to interest rate risk is maintained within set limits.

Interest rate risk

The Company is exposed to interest rate risk arising on changes in interest rates on loan receivables and debt securities in issue and therefore seeks to limit its exposure (the interest risk in relation to overnights and deposits is assessed as insignificant, trade receivables and payables are non-interest bearing). This is achieved by the perfect matching of the parameters of loans issued to the Group companies with the terms and conditions of the debt securities issued, which means that any changes in market conditions in relation to debt securities in issue will be automatically reflected in loan contract conditions. Therefore, if interest rates increased/decreased by 50 bps in the 2016 or 2015 this would have no significant effect on net interest revenue (revenue less interest expense).

Currency risk

In 2016 and 2015 the Company was not exposed to any currency risk.

Credit risk

The Company is subject to credit risk mostly in respect of the amounts receivable from loans and the cash and cash equivalents held on deposit with banks.

| As at 31 December | 2016 PLN | 2015 PLN |
|-----------------------------|-----------------------|-----------------------|
| | Carrying value | Carrying value |
| Cash and cash equivalents | 251 576,42 | 511 365,55 |
| Receivables from loans | 200 934 767,10 | 200 932 219,55 |
| Trade and other receivables | 3 000,00 | 5 415,90 |
| Total | 201 189 343,52 | 201 449 001,00 |

Notes to the Financial Statements (continued)

24. Risk management (continued)

Cash and cash equivalents

Cash and cash equivalents are neither past due nor impaired. Credit quality of these assets is good and the cash and cash equivalents are held with banks with good ratings, which meet the criteria set out within treasury policies to ensure the risk of loss is minimized. The Company does not hold any petty cash.

Amounts receivable from loans

The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The risk of material unexpected credit losses in respect of amounts receivable from loans is low as the Company lends only to Group companies. This risk is further minimized by the guarantees for the loan agreements obtained from other Group companies (see Note 20) who have Fitch Agency rating BB+ (Watch Negative).

Receivables from loans as at 31 December 2016 and 2015 were neither past due nor impaired.

Liquidity risk

The Company is not subject to the risk that it will not have sufficient borrowing facilities to fund its existing business and its future plans for growth as it has a stable source of finance in the form of debt securities.

The nature of the Company's business is that the term and conditions of amounts receivable from loans are matched with those of debt securities in issue.

Analysis of assets and liabilities due

The following analysis presents undiscounted amounts due from loans and liabilities from debt securities issued as at 31 December 2016 and 31 December 2015 (including total amount of interest payable), according to maturities.

| As at 31 December 2016 | Receivables from loans | Percentage | Debt securities In issue | Percentage |
|------------------------|------------------------|--------------|--------------------------|--------------|
| | PLN | % | PLN | % |
| Less than 1 year | 12 320 000,00 | 5,1 | 12 120 000,00 | 5,0 |
| 1-2 years | 12 320 000,00 | 5,1 | 12 120 000,00 | 5,0 |
| 2-5 years | 218 496 000,00 | 89,9 | 218 196 000,00 | 90,0 |
| Total | 243 136 000,00 | 100,0 | 242 436 000,00 | 100,0 |

| As at 31 December 2015 | Receivables from loans | Percentage | Debt securities In issue | Percentage |
|------------------------|------------------------|--------------|--------------------------|--------------|
| | PLN | % | PLN | % |
| Less than 1 year | 12 332 000,00 | 4,8 | 12 132 000,00 | 4,8 |
| 1-2 years | 12 300 000,00 | 4,8 | 12 100 000,00 | 4,8 |
| 2-5 years | 230 766 000,00 | 90,4 | 230 266 000,00 | 90,4 |
| Total | 255 398 000,00 | 100,0 | 254 498 000,00 | 100,0 |

The table illustrates perfect matching of the maturities of receivables from loans and funding in the form of debt securities.

Capital management

Due to the character of the Company (special purpose vehicle providing finance to other Group companies) its objective when managing capital is to retain the initially paid in share capital to meet regulatory requirements. The high gearing ratio, which is due to the issue of debt instruments is counterbalanced by the amount receivable from a loan matching the issued debt instruments.

Notes to the Financial Statements (continued)

25. Categories of financial assets and liabilities

Financial assets

| As at 31 December | 2016 PLN | 2015 PLN |
|-------------------------------|-----------------------|-----------------------|
| <i>Loans and receivables</i> | | |
| Cash and cash equivalents | 251 576,42 | 511 365,55 |
| Amounts receivable from loans | 200 934 787,10 | 200 932 219,55 |
| Trade and other receivables | 3 000,00 | 5 415,90 |
| Total | 201 189 343,52 | 201 449 001,00 |

Financial liabilities

| As at 31 December | 2016 PLN | 2015 PLN |
|------------------------------------|-----------------------|-----------------------|
| <i>Other financial liabilities</i> | | |
| Debt securities in issue | 200 919 323,70 | 200 916 921,75 |
| Trade and other payables | 24 566,55 | 21 340,00 |
| Total | 200 943 890,25 | 200 938 261,75 |

MANAGEMENT BOARD REPORT
of
IPF Investments Polska Sp. z o. o.
for the year ended 31 December 2016

Management Board Report of IPF Investments Polska Sp. z o. o.
for the year ended 31 December 2016



Agnieszka Kłos
Board Member



John Dahlgreen
Board Member



Alicja Kopeć
Board Member



Mark Sutherland
Board Member / Responsible for
maintaining the books of account

Warsaw, 24th February 2017

**Management Board Report of IPF Investments Polska Sp. z o. o.
for the year ended 31 December 2016**

To the Shareholder,

This report covers period from 1 January 2016 to 31 December 2016.

1. General Information

IPF Investments Polska Sp. z o. o. ("the Company") is incorporated in the Republic of Poland. The address of the Company's registered office is ul. Inflancka 4A, Warsaw.

IPF Investments Polska Sp. z o. o. was established on 8 December 2009. On 21 December 2009 the Company was entered into the Register of Entrepreneurs kept by the Business Department of the National Court Register at the District Court in Warsaw, XII Commercial Division of the National Court Registry, under number KRS 0000344995.

The Company was formed as a special purpose entity for the purpose of raising funds mainly from commercial bonds issue and provision of finance to entities owned by International Personal Finance Plc ("IPF Plc" – a UK-based entity listed on London Stock Exchange and Warsaw Stock Exchange/ "the Group") to finance their home lending business.

As stated in the Company's Memorandum of Association, the Company's operation period is indefinite.

The following persons served as members of the Management Board as at 31 December 2016 and as at the date of authorisation of this Report:

| | |
|-----------------|-------------------------------|
| John Dahlgreen | Member since 8 December 2009 |
| Alicja Kopeć | Member since 8 December 2009 |
| Agnieszka Kłos | Member since 24 July 2012 |
| Mark Sutherland | Member since 31 October 2013. |

During the reporting period and till 24 February 2017 there were the following changes in the Management Board composition:

- with effect on 23rd February 2016 David Broadbent resigned from the position of the Management Board Member, which he held since 8th December 2009

2. Significant events in 2016

Interest coupon payments on bonds

On 3 June and 3 December 2016 the Company made the second and third coupon payment of PLN 6,1 million and 6,0 million respectively on the floating rate bonds from the 3 June 2015 issue with a maturity date of 3 June 2020 and total par value of PLN 200 million

Interest on loan to Provident Polska S.A.

On 3 June and 3 December 2016 the Company received the second and third interest payment in the amount of PLN 6,2 million and 6,1 million respectively.

The loan agreement for PLN 200 million for home credit business financing purposes was concluded in June 2015 with Provident Polska S.A. as a borrower and IPF Plc, IPF Holdings Limited, International Personal Finance Investments Limited, IPF International Limited (entities from the Group) as guarantors. The maturity of the loan and interest payments intervals match those of the commercial bonds issued by the Company.

3. Financial position and result

In 2016 the Company made a net profit of PLN 84,7 thousand. As at 31 December 2016 the Company's assets consisted of only one loan, which was issued to a related entity for a period of 5 years, with a nominal value of PLN 200 million, which was financed by debt securities in issue in the same nominal amount and with the same maturity.

The Management Board expects that the Company will continue to operate and generate profits in the foreseeable future.

4. Risk arising from financial instruments

The Company follows treasury policies approved by the Group Board. The Company's day-to-day operations are managed by delegated employees of Provident Polska S.A. on the basis of a service agreement.

The treasury policies are designed to manage the main financial risks in relation to funding and investment. These policies ensure that the borrowings and investments are with high quality counterparties; are limited to specific instruments; the exposure to a single counterparty or type of instrument is controlled; and the Company's exposure to interest rate risk is maintained within set limits.

Interest rate risk

The Company is exposed to interest rate risk arising on changes in interest rates on loan receivables and debt securities in issue and therefore seeks to limit its exposure (the interest risk in relation to overnights and deposits is assessed as insignificant, trade and other receivables and payables are non-interest bearing). This is achieved by the perfect matching of the parameters of loans issued to the Group companies with the terms and conditions of the debt securities issued, which means that any changes in market conditions in relation to debt securities in issue will be automatically reflected in loan contract conditions.

Credit risk

The Company is subject to credit risk in respect of the amounts receivable from loans and the cash held on deposit with banks. Credit quality of these assets is good.

The cash deposits are held only with banks, which meet the criteria set out within treasury policies to ensure the risk of loss is minimised. In addition the amounts held with the banks are minimised.

The risk of material unexpected credit losses in respect of amounts receivable from loans is low as the Company lends only to Group companies. This risk is further minimized by the guarantees for the loan agreements obtained from major Group UK holding companies who have Fitch Agency rating BB+ (Watch Negative list).

Liquidity risk

The Company is not subject to the risk that it will not have sufficient borrowing facilities to fund its existing business and its future plans for growth as it has a stable source of long term finance in the form of debt securities. The nature of the Company's business and its policy is that the term and conditions of amounts receivable from loans are matched with those of debt securities in issue.

5. Auditor's remuneration

Fees payable to the Auditor for the statutory audit of annual financial statements for the year ended 31 December 2016 and 31 December 2015 equal PLN 18 450 and PLN 18 450 respectively.

Fees payable to the Auditor for other assurance services for the year ended 31 December 2016 and 31 December 2015 equal PLN 2 890,50 and PLN 2 890,50 respectively.

6. Anticipated development

The Company was formed as a special purpose entity for the purpose of raising funds, mainly from commercial bond issues, and the provision of finance to entities owned by IPF Plc. Therefore its strategy is to sustain long term finance at levels which meet the needs of the Group.

There are no anticipated changes to the nature of the Company over the following period.

**IPF Investments Polska Sp. o.o.
MANAGEMENT BOARD STATEMENT**

**In relation to the Financial Statements and the Management Board Report
of IPF Investments Polska Sp. z o.o.
as at and for the year ended 31 December 2016
and the audit thereof**

The Management Board of IPF Investments Polska Sp. z o.o. hereby confirms that according to their best knowledge the attached Financial Statements as at and for the year ended 31 December 2016 and the comparative data have been prepared in accordance with the applicable accounting principles and they present a true, fair and clear view of the property and financial situation of IPF Investments Polska Sp. z o.o. and its financial result. The Management Board also confirms that the Management Board Report for the year ended 31 December 2016 presents a true picture of the development and achievements and the situation of IPF Investments Polska. Sp. z o.o., including a description of the main threats and risks.

The Management Board of IPF Investments Polska Sp. z o.o. hereby confirms that the certified auditor who audited the attached Financial Statements was selected according to legal regulations and that the audit company and the individual auditors who audited the Financial Statements fulfilled the conditions of expressing an impartial and independent opinion on the audited annual financial statements according to applicable regulations and professional standards.



Agnieszka Kłos
Board Member



John Dahlgreen
Board Member



Alicja Kopeć
Board Member



Mark Sutherland
Board Member/ Responsible for
maintaining the books of accounts

Warsaw, 24th February 2017